



RATING RATIONALE

10 Dec2020

Pyramid Townships Pvt Ltd

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 40.00 crores of Pyramid Townships Pvt Ltd.

Particulars

Instrument**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (May'20)	Present
Fund based	40.00	40.00	Long Term	BWR BB Stable Issuer Non Cooperation*	BWR BB Stable Reaffirm
Total	40.00	40.00	INR Forty crores Only.		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I

^based on best available information

RATING ACTION / OUTLOOK

BWR reaffirms long term rating of BWR BB Stable of Pyramid Townships Pvt Ltd as BWR BB Stable.

The rating draws strength from the extensive experience of the directors, geographical position of the project along with its pace of construction and sales realisation. However, the rating is constrained by government rules and regulations, Covid effect and unachievable projections. BWR believes that the business risk profile of “Pyramid Townships Pvt Ltd” will be maintained over the medium term. The Stable outlook indicates a low likelihood of rating change over the medium term. The Rating outlook may be revised to “Positive” in case there is significant improvement in revenues, profit margins of the company going forward. The rating



outlook may be revised to “Negative” if there is any deterioration in the financial risk profile including liquidity of the company.

KEY RATING DRIVERS

Credit Strengths:

- 1. Extensive experience of the directors:** The project has been promoted by Mr. Krishan Chawla and Mr. Anil Vaswani who are having 25-30 years of experience in the real estate sector. Mr. Krishan Chawla is an NRI director residing in Melbourne, Australia. He along with his wife Ms Kiran Chawla have 51% stake in the company. Mr. Krishan Chawla has previously developed a group housing project in Australia. Mr. Anil Vaswani has delivered 3 projects in Zirakpur, Chandigarh and 2 projects in NCR. The group is diversified into Education as well.
- 2. Geographical Position of the Project:** The location of the project is in Greater Noida which is closer to metro station and Pari Chowk. The location is very well connected by road and is closer to Yamuna Expressway. As there is an upcoming Jewar airport, there will be huge demand for residential areas.
- 3. Pace of construction and sales realisation:** The management informed the project was being completed at increased pace wherein the structures have been raised upto 19th floor in Tower 1 and 2 and upto 16th floor in Tower 3. 143 units have already been sold out of which Rs.47 crores have been realised. Value of area sold stands at Rs.103 crores and value of unsold area is Rs.110 crores. Selling rate achieved is Rs.4320 per square feet and the expected selling rate is Rs.4500-5000 Per square feet.

Credit risks:

- 1. Government Rules and Regulations:** Any change in Govt Rules and Regulations may create a set back in demand and make the NRI customers more cautious of investing in India.
- 2. Covid Effect:** While the industry is passing through a slow down causing the company to face inherent risk associated with the real estate industry, the pandemic has further impacted the economy and adversely hit the developer's cash flows and project delivery capabilities. Delivery of existing projects may get pushed back, depending on



how quickly the input supply-chain and labour availability are restored. However several measures announced by the government in its Coronavirus specific stimulus package and the EMI holiday for developers during the crucial period are some steps that might offer some relief to the builder community.

3. **Projections not achieved:** The company had projected operating income of Rs. 48 crs in FY19 and Rs. 68 crs in FY20 however they could achieve Rs. 12.34 crs in FY19 and Rs. 12.53 crs in FY20 respectively.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the ability of the company to improve its revenues and financial risk profile would remain the key rating sensitivities.

Positive: Rating may be upgraded in case of substantial improvement in revenues and tangible net worth of the company.

Negative: Rating may be downgraded in case there is deterioration in financial risk profile of the firm including the liquidity of the company.

LIQUIDITY POSITION (Adequate)

The company has Cash & Bank balances of Rs. 1.26 crs in FY20. The company has generated a cash surplus of Rs. 0.82 crs with nil CPLTD in FY20. The current ratio is 52.49x in FY20. ISCR and DSCR stand at 1.35x and 0.62x in FY20. The above factors indicate that the liquidity position is adequate.

COMPANY PROFILE

Pyramid Township Private Limited, incorporated in Sep 2012, is a company engaged in development of Residential and Commercial Projects. The group housing project “Speedways Avenue” is located in Jaypee Greens Sports City on Yamuna Expressway, Greater Noida. The group is an upcoming real estate developer in North India. The company has been promoted by Mr. Krishan Chawla and Mr. Anil Kumar Vaswani. The corporate office is in Kailash Colony, New Delhi.



KEY FINANCIAL INDICATORS (Rs in crs)

Key Parameters	Units	2019	2020
Result Type		Audited	Provisional
Operating Revenue	₹ Cr	12.34	12.53
EBITDA	₹ Cr	2.63	3.72
PAT	₹ Cr	0.77	0.80
Tangible Net worth	₹ Cr	10.71	11.53
Total Debt/TNW	Times	1.96	2.19
Current Ratio	Times	13.71	52.49

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: None

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NIL



RATING HISTORY (FOR THE LAST THREE YEARS INCLUDING WITHDRAWALS AND SUSPENDED)

Facility	Current Rating (2020)				Rating History*		
	Type	Amount (₹ Crs)	Dec' 20	May' 20	2019	2018	2017
Fund Based	Long Term	40.00	BWR BB Stable Reaffirm	BWR BB Stable Issuer did non cooperate* Downgrade	BWR BB+ Stable Upgrade	-	BWR BB Stable
Total		40.00	INR Forty crores only.				

*based on best available information

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

General Criteria

Approach to financial ratios



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Pyramid Townships Pvt Ltd
ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	Punjab National Bank	Term Loan o/s (Proposed)	26.50	-	26.50
		Proposed Term Loan	8.50	-	8.50
		GECL	5.00	-	5.00
TOTAL					40.00

INR Forty crores only.



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